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Food Business Line - Periodic Press Translations

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Report Highlights: *JUSCO* supermarkets have started selling U.S. specialty cheese at their 290 outlets in Japan. The in-store promotion conducted by the *National Dairy Board* was crowded with people on the weekend. Sales of mineral water keep increasing and have reached 186.2 billion yen in 2006, increased 32.3% from 2005. In particular, imported mineral water is growing sharply. France has 66% of the market share and the U.S. has 25% owing to the big hit, *Crystal Geyser*, which is imported by *Otsuka Beverage Co., Ltd.* People are enjoying standing in line to watch how food is being prepared, and choosing what they want to order at the new "entertainment food" stores such as *Krispy Kreme Doughnut* and *Cold Store Creamery* from the U.S.

Includes PSD Changes: No
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Food Business Line

Periodic Press Translations from ATO Tokyo Vol. VII, Issue 3, March 1-31, 2007

Retail/Wholesale

- *JUSCO* supermarkets have started selling U.S. specialty cheese at their 290 outlets in Japan. The in-store promotion conducted by the *National Dairy Board* was crowded with people on the weekend. (f. 3/12)
- *FamilyMart Co., Ltd.* secured a business tie-up with *Seibu Railway Co., Ltd.* to develop stores at and around the stations of Seibu Railways. (a. 3/7)
- *Daiei Inc.* and *Aeon Co. Ltd.* have finalized the agreement for a capital and operational alliance, making them one of two mega retail alliances. The competition between the two major alliances, *Seven & I Holdings* and *Aeon*, will be intensified. (b. 3/11)
- Food wholesalers have moved further upstream in the supply chain. For example, some have started procuring ingredients to do business tie-ups with a manufacturer who has a permit for Food for Specific Health Uses in response to the client retailer's request. One of major wholesalers, *Ryoshoku, Ltd.*, started a business tie-up with *Cargill Thailand* to process chicken products. (b. 3/17)
- *Seiyu Ltd.*, the supermarket chain owned by *Wal-Mart*, said March 26 that 20 stores in the Kanto region will start selling U.S. beef from March 31. It is going to be the first major supermarket to start selling U.S. beef after lifting of the ban in July 2006. (a. 3/27)

Food Service

- One of the major U.S. bakeries, *Café Au Bon Pain*, will develop business in Japan. The first outlet will be opened in Tokyo in summer, 2007. A major food service company, *Rein's International Inc.*, obtained a franchise to open the stores. (b. 3/7)

Food Processing/New Products/Market Trends

- *Suntory Ltd.* starts selling "Tomato Liquor Toma-Toma", mixed with tomato juice and white wine, in April. It is the first time for a major liquor maker to sell liquor mixed with vegetable juice. This type of liquor products will seek to create a market for liquor targeted at health-oriented consumers. (a. 3/7)
- The increased price of blueberries since the poor crop of three years ago has hit the fruit jam manufacturing industry. It will not be easy to satisfy Japanese consumers, who are much more blueberry jam-oriented than other countries' consumers, but each manufacture is seeking ways to cover the cost, such as not putting blueberry jam on sale at a special price and finding alternate new fruit items like mangoes. (f. 3/29)
- "Nakashoku (Take-out)", which includes box lunch, HMR and delivery, is vigorous in the Japanese market where the older population is increasing and child population is decreasing. The take-out industry has become very competitive among companies going beyond the borders of their food service and food retail business. For example, a major hamburger fast-food chain *Moss Burger* opened the Japanese style take-out food shop *Jiyugaoka Aen* at a "Depa-chika (Department Store Basement)", and a major bar-dining chain *Watami* opened also the take-out food shop *Watami Kitchen* at another Depa-chika. A major family style restaurant *Skylark* has had HMR delivery service since 1999 targeting working women, and

the total annual sales of the delivery business has grown to 15 billion yen. The food market in Japan is said to be 70-80 trillion yen. According to *Yano Research Institute Ltd.*, the “Nakashoku (Take-out)” market in 2004 was 8.2329 trillion yen, which was a 500 billion yen increase from 2000. (g. 3/29)

- Sales of dry fruits as snacks are increasing because they are tasty, healthy and it is fun to try different varieties. Major department stores have dry fruit shops targeting women. They have approximately 35 varieties such as strawberries, mangoes, kiwis, figs, tomatoes, and citrus. The internet shopping site *Rakuten* introduced the ranking of 30 kinds of dry fruits. The top items were figs, mangoes and prunes. (g. 3/26)
- Sales of mineral water keep increasing and have reached 186.2 billion yen in 2006, increased 32.3% from 2005. In particular, imported mineral water is growing sharply. France has 66% of the market share and the U.S. has 25% owing to the big hit, Crystal Geyser, which is imported by *Otsuka Beverage Co., Ltd.* (f. 3/26)
- People are enjoying standing in line to watch how food is being prepared, and choosing what they want to order at the new “entertainment food” stores such as *Krispy Kreme Doughnut* and *Cold Store Creamery* from the U.S. (a. 3/31)
- Citrus imported from Italy and Florida is well represented at retail and wholesale stores covering the shortage of product from California that was supposed to be sold during the season. (b. 3/11)
- Major dairy manufacturers will increase the price of fruit juice and fruit juice drinks due to the increased ingredient price of citrus and apple. This will be the first increase in price since the import liberalization of beef and oranges in 1991. (a. 3/18)

Food Safety/Consumer Awareness

No significant articles.

ATO/Cooperator/Competitor Activities/Trade Shows

- Asia’s largest food and beverage trade show, FOOD EX JAPAN 2007, ended March 16. During the 4-day show, not only domestic but foreign buyers visited the show. The show organizer, *Japan Management Association*, recorded 95,719 visitors. Among this year’s overseas exhibits, in the U.S. Pavilion, meat exhibitors were especially prominent. (f. 3/22)
- *USMEF* held a U.S. Beef Cooking Class “Megumi Fujii’s Special Beef Cooking Using U.S. Beef”, February 28, in Shibuya, Tokyo. 30 housewives attended. Megumi Fujii is a famous home-cooking teacher. (f. 3/12)

Sources

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |
| (g) Fuji Sankei Business I | (h) Pan News |
| (i) Nihon Keizai Shimbun | |

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